

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Robert G. Taub, Chairman;
Mark Acton, Vice Chairman;
Tony Hammond; and
Nanci E. Langley

Periodic Reporting
(Proposal Three)

Docket No. RM2017-7

ORDER ON ANALYTICAL PRINCIPLES USED IN PERIODIC REPORTING
(PROPOSAL THREE)

(Issued August 24, 2017)

I. INTRODUCTION

On June 22, 2017, the Postal Service filed a petition pursuant to 39 C.F.R. § 3050.11, requesting the Commission to initiate a rulemaking proceeding to consider a proposal (Proposal Three) to change an analytical method approved for use in periodic reporting.¹ Proposal Three seeks to revise the reporting methodology for measuring the national totals of revenue, pieces, and weight in the Revenue, Pieces, and Weight (RPW) Report for mailpieces reported in the Retail Systems Software Business Partners (RSS BP). Petition, Proposal Three at 6. The proposed methodology replaces the statistical sampling estimates provided by the Origin-Destination Information

¹ Petition of the United States Postal Service Requesting Initiation of a Proceeding to Consider a Proposed Change in Analytical Principles (Proposal Three), June 22, 2017, at 1 (Petition).

System-Revenue, Pieces, and Weight (ODIS-RPW) with census transactional data. *Id.* For the reasons discussed below, the Commission approves Proposal Three.

II. PROCEDURAL HISTORY

On June 27, 2017, the Commission issued a notice initiating this proceeding, providing for the submission of comments, and appointing a Public Representative.² The Public Representative filed a motion for issuance of an information request, pursuant to 39 C.F.R. § 3001.21(a) and 39 C.F.R. § 3007.3(c) on June 29, 2017.³ Chairman's Information Request No. 1 was issued on July 6, 2017.⁴ The Postal Service responded to CHIR No. 1 on July 21, 2017.⁵ The Public Representative filed comments on August 15, 2017.⁶

III. PROPOSAL THREE

The Postal Service's current reporting methodology for RSS BP mailpieces uses statistical estimates from the ODIS-RPW probability sampling system. Petition, Proposal Three at 5. Under Proposal Three, the Postal Service seeks to replace sample data provided by ODIS-RPW for RSS BP mailpieces and extra services with corresponding census data provided by reports from the Retail Data Mart (RDM). *Id.* at 6. The Postal Service notes that the ODIS-RPW system produces point estimates with sampling error that census information does not contain. *Id.* at 5. The Postal Service concludes that Proposal Three should provide "equal or improved data quality." *Id.* The Postal Service states that the proposed methodology will result in "a complete

² Notice of Proposed Rulemaking on Analytical Principles used in Periodic Reporting (Proposal Three), June 27, 2017 (Order No. 3982).

³ Public Representative Motion for Issuance of Information Request, June 29, 2017.

⁴ Chairman's Information Request No. 1, July 6, 2017 (CHIR No. 1).

⁵ Responses of the United States Postal Service to Questions 1-3 of Chairman's Information Request No. 1, July 21, 2017 (Responses to CHIR No. 1).

⁶ Public Representative Comments, August 15, 2017 (PR Comments).

census source of transactional-level data of all RSS BP mailpieces and extra services.” *Id.* at 6. The Postal Service asserts further that approval of its request “will add another important census source to the RPW reporting system.” *Id.* at 3.

IV. CHAIRMAN’S INFORMATION REQUESTS

CHIR No. 1 requested the Postal Service to explain significant increases in Retail Ground revenue per piece and weight per piece under the proposed methodology. CHIR No. 1, question 1. It also requested the Postal Service to explain the large increases in revenue per piece for Insurance, Registry, and Restricted Delivery under the proposed methodology. CHIR No. 1, question 2. In its response to question 1, the Postal Service states that the ODIS-RPW sample of contract postal unit (CPU) generated Retail Ground pieces tended to skew toward the lower-weight pieces than the actual weight distribution reflected in the full census data. Responses to CHIR No. 1, question 1. The Postal Service also notes that because CPU generated volume for Retail Ground is less than 3 percent of total Retail Ground volume, large increases in weight per piece and revenue per piece will have only a minimal impact on the overall Retail Ground figures. *Id.*

In its response to question 2, the Postal Service states that the reliability of the sampling data in ODIS-RPW for Insurance, Registry, and Restricted Delivery is less reliable than the overall data for each product. Responses to CHIR No. 1, question 2. In addition, it asserts that much of the rate ingredient data for these extra services are often difficult to process because the information needed to properly classify the extra service revenue is combined with the indicia of the parent mailpiece. *Id.* Restricted Delivery is even more difficult because it must be combined with another extra service for mailing. *Id.* While the Postal Service has devised methods to extract the needed information to provide accurate data, it states that the most reliable information is from the source postage system as proposed. *Id.*

V. COMMENTS

The Public Representative was the only party to comment on Proposal Three. The Public Representative concludes that Proposal Three is reasonable. PR Comments at 3. She asserts that the replacement of sampling data with census data should result in equal or improved data quality. *Id.* In reaching that conclusion, she attributes significant differences between revenue and volume numbers reported by the current and proposed systems principally to inaccurate estimates obtained from the existing ODIS-RPW system. *Id.* at 3-4. She also believes that the overall impact of Proposal Three on RPW volumes and revenue will be very small notwithstanding the large impact reported at the class level for CPU volumes and revenue Library/Media Mail and Retail Ground mail. *Id.* at 4. She bases her conclusion on the fact that only a small portion of total RPW volume is entered bearing CPU metered postage. *Id.*

VI. COMMISSION ANALYSIS

The Commission approves Proposal Three. As stated in previous orders approving similar proposals,⁷ the Commission believes that the use of native census data is inherently superior to random sampling systems in determining product volumes and revenue. This is especially true for small volume products, such as Media/Library Mail and for many of the extra services such as Registry and Insurance. Proposal Three further improves the Postal Service's ability to provide accurate and more reliable volume and revenue data, eliminating the potential for sampling errors inherent in systems like ODIS-RPW. For these reasons, the Commission finds that Proposal Three significantly improves the quality of data reporting, pursuant to 39 C.F.R § 3050.42.

⁷ See, e.g., Docket No. RM2017-5, Order No. 4039, Order on Analytical Principles Used in Periodic Reporting (Proposal One), August 15, 2017, at 4-5; see also Docket No. RM2014-4, Order No. 2101, Order on Analytical Principles Used in Periodic Reporting (Proposals One through Two, June 25, 2014, at 5, 8.

It is ordered:

For purposes of periodic reporting to the Commission, the changes in analytical principles proposed by the Postal Service in Proposal Three are approved.

By the Commission.

Stacy L. Ruble
Secretary